

DORSEY, KING, GRAY, NORMENT & HOPGOOD

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318 SECOND STREET

HENDERSON, KENTUCKY 42420

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November 12, 2004

FEDEX

Ms. Elizabeth O'Donnell
Executive Director
Public Service Commission of Kentucky
211 Sower Boulevard
Frankfort, Kentucky 40601

RECEIVED

NOV 15 2004

PUBLIC SERVICE
COMMISSION

Re: Case No. 2004-00319

Dear Ms. O'Donnell:

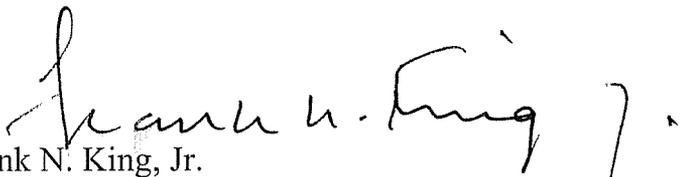
Enclosed for filing please find the original and 10 copies of Application on behalf of Jackson Purchase Energy Corporation for Adjustments in Existing Cable Television Attachment Tariff.

Your assistance in this matter is appreciated.

Very truly yours,

DORSEY, KING, GRAY, NORMENT & HOPGOOD

By


Frank N. King, Jr.

FNKJr/cds

COPY/w/encls.:

Attorney General of Kentucky, Office of Rate Intervention
Jackson Purchase Energy Corporation

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED

NOV 15 2004

PUBLIC SERVICE
COMMISSION

In the Matter of:

APPLICATION OF JACKSON PURCHASE)
ENERGY CORPORATION FOR)
ADJUSTMENTS IN EXISTING CABLE)CASE NO. 2004-00319
TELEVISION ATTACHMENT TARIFF)

APPLICATION

Applicant **JACKSON PURCHASE ELECTRIC CORPORATION** (“JPEC”) applies for adjustments in its existing Cable Television Attachment Tariff. An application proposing to accomplish this was submitted to the Commission under the above case number on September 14, 2004, but by letter of October 26, 2004, the Commission gave notice that the application was rejected because an adjustment of pole attachment rates constitutes a general rate adjustment that must be filed pursuant to the requirements of 807 KAR 5:001, Section 10. This application is filed pursuant to the requirements of that regulation.

The application of JPEC respectfully shows:

(a) JPEC is a nonprofit electric cooperative organized under KRS Chapter 279 and is primarily engaged in the business of distributing retail electric power to member customers in the Kentucky counties of Ballard, Carlisle, Graves, Livingston, Marshall and McCracken. Cable television (“CATV”) operators are deemed to be tariff customers of JPEC pursuant to the Commission’s final order in Administrative Case No. 251 and following are the names and addresses of the four (4) CATV operators that will be affected by the proposed tariff adjustments sought herein, to-wit:

Mediacom Southeast LLC
90 Main Street
Benton, KY 42025
Attention: Mr. Scotty Power

Galaxy Cable, Inc.
1 First National Plaza
Sikeston, MO 63801-4287
Attention: Accounts Payable

Charter Communications
906 South 12th Street
Murray, KY 42071
Attention: Mr. Dale Haney

Comcast Cablevision of Paducah, Inc.
Post Office Box 2700
Paducah, KY 42002-2700
Attention: Mr. Steven Walker

(b) The post office address of JPEC is Post Office Box 4030, Paducah, Kentucky 42002-4030.

(c) A certified copy of the Articles of Incorporation of JPEC has heretofore been filed with the Commission in Case No. 1983, and reference is made thereto. The Articles of Incorporation were amended and restated and heretofore filed with the Commission in Case No. 6572, and reference is made thereto.

(d) The annual reports of JPEC are on file with the Commission in accordance with 807 KAR 5:006, Section 3(1).

(e) A certificate of good standing (“Certificate of Existence”) is attached as “Exhibit 1.”

(f) JPEC requests that its Cable Television Attachment Tariff be revised to adjust yearly rental charges for pole attachments and anchor attachments as those charges are currently shown on First Revised Sheet No. 10.0 of JPEC’s filed tariff. Said charges have been in effect since 1984 and the requested adjustments are as follows:

Estimated Amount

	<u>Existing</u>	<u>Proposed</u>	<u>of increase</u>
Two-Party Pole Attachment	\$ 2.27	\$ 6.60	\$ 4.33 (191%)
Three-Party Pole Attachment	\$ 1.75	\$ 5.40	\$ 3.65 (209%)
Two-Party Anchor Attachment	\$ 3.10	\$10.16	\$ 7.06 (228%)
Three-Party Anchor Attachment	\$ 2.07	(not available)	n/a

(g) The foregoing proposed rates have been calculated according to the directives set forth in the Commission’s final order in Administrative Case No. 251 and a complete description and quantified explanation for the proposed adjustments are set forth in attached “Exhibit 2.” See 807 KAR 5:001, Section 10(6)(a). (A detailed explanation of the information on attached “Exhibit 2” is set forth in the prepared testimony of Richard Sherrill attached as “Exhibit 8.”)

(h) In addition to the proposed rate adjustments, JPEC requests revision of section A. Specifications as set forth on First Revised Sheet No. 10.0 of said tariff deleting the words “1981 Edition” and substituting therefor “latest edition.”

(i) Attached as “Exhibit 3” is a copy of First Revised Sheet No. 10.0 of JPEC’s present tariff. Attached as “Exhibit 4” is a copy of said First Revised Sheet No. 10.0 showing necessary additions and deletions. Attached As “Exhibit 5” is Second Revised Sheet No. 10.0 canceling First Revised Sheet No. 10.0 that

contains the aforementioned revisions. As set forth in “Exhibit 5” JPEC seeks to have the adjusted rates go into effect as of January 1, 2005. See 807 KAR 5:001, Section 10(1)(b)8.

(j) The only customers affected by these proposed rate adjustments are the four (4) CATV operators listed above in paragraph (a). These customers have been notified of the filing of this application by mailing to each of them a copy of the written notice that is attached as “Exhibit 6.” Further, a copy of this application has been served by mail on each of the CATV operators, as certified below in the Certificate of Service. See 807 KAR 5:001, Section 10(4)(b).

(k) The prepared testimonies of G. Kelly Nuckols, President and CEO of JPEC, and Richard Sherrill, Vice President of Engineering and Operations of JPEC, are attached hereto as “Exhibit 7” and “Exhibit 8” respectively. See 807 KAR 5:001, Section 10(6)(b).

(l) The total number of pole attachments and anchor attachments on JPEC’s poles and facilities as of September 30, 2004, is shown on attached “Exhibit 9,” which includes a breakdown for each of the four (4) affected customers and estimates for their annual billings. JPEC estimates an increase in

annual revenue in the amount of \$66,325.00, as shown on attached said “Exhibit 9.” See 807 KAR 5:001, Section 10(6)(d), (e) and (g).

(m) Following is a list of all commercially available or in-house developed computer software, programs and models used in the development of the schedules and work papers associated with this filing: Excel and Microsoft Word; plant data is maintained with a proprietary computer program running on an AS/400. See 807 KAR 5:001, Section 10 (6) (o).

(n) A cost of service study is not provided because the methodology for computing CATV operator rates that is recognized in the Commission’s final order in Administrative Case No. 251, which JPEC has followed herein, effectively establishes cost of service for the affected CATV operators.

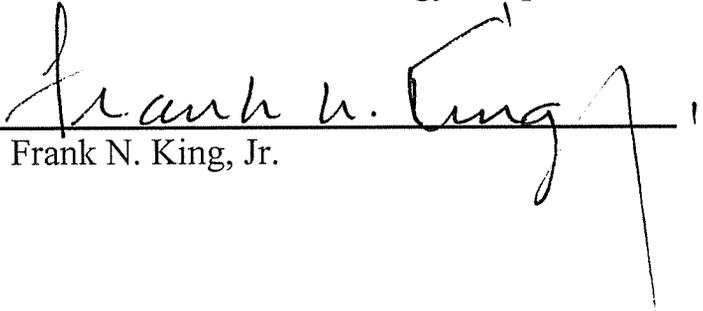
(o) Attached as “Exhibit 10” is JPEC’s Adjusted Income Statement for the 12 months ending September 30, 2004. There are no pro forma adjustments for known and measurable changes except for the proposed \$66,325.00 annual increase in revenue as shown thereon. As shown on line 23 of said exhibit the proposed increase in revenue results in an adjusted Tier of 1.77. Attached as “Exhibit 11” is JPEC’s Balance Sheet as of September 30, 2004. See 807 KAR 5:001, Section 10(6)(a).

(p) JPEC believes that the information provided above in paragraphs (a) through (o), along with accompanying exhibits, fulfills all of the applicable filing requirements of 807 KAR 5:001, Section 10, that are necessary for the Commission's consideration and approval of the adjustments sought herein. JPEC believes that the other filing requirements of this regulation are inapplicable, and therefore good cause exists for the Commission to permit deviations therefrom, and JPEC so requests.

WHEREFORE, applicant asks that the Public Service Commission of the Commonwealth of Kentucky make its order authorizing applicant to adjust rates and make revisions in its Cable Television Attachment Tariff as set forth above, and applicant further requests all proper relief.

DORSEY, KING, GRAY, NORMENT & HOPGOOD
318 Second Street
Henderson, Kentucky 42420
Telephone (270) 826-3965
Telefax (270) 826-6672
Attorneys for Jackson Purchase Energy Corporation

By _____


Frank N. King, Jr.

CERTIFICATE OF SERVICE

I hereby certify that the foregoing has been served upon the following by mailing a true and correct copy of same on this 12th day of November, 2004:

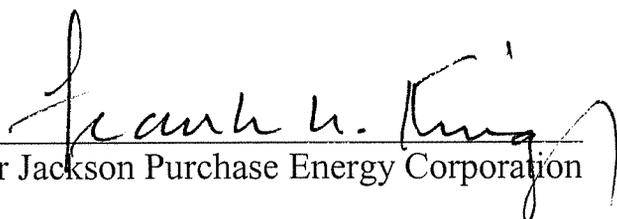
Attorney General of Kentucky
Office of Rate Intervention
1024 Capital Center Drive
Frankfort, Kentucky 40601

Mediacom Southeast LLC
90 Main Street
Benton, KY 42025
Attention: Mr. Scotty Power

Galaxy Cable, Inc.
1 First National Plaza
Sikeston, MO 63801-4287
Attention: Accounts Payable

Charter Communications
906 South 12th Street
Murray, KY 42071
Attention: Mr. Dale Haney

Comcast Cablevision of Paducah, Inc.
Post Office Box 2700
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Attention: Mr. Steven Walker

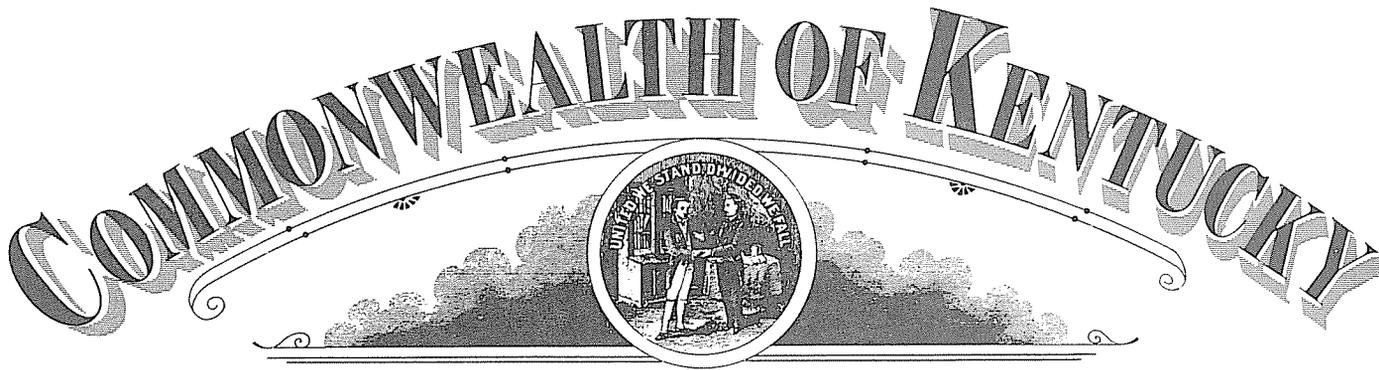

Counsel for Jackson Purchase Energy Corporation 1

KENTUCKY PUBLIC SERVICE COMMISSION CASE NO. 2004-00319

INDEX OF EXHIBITS TO APPLICATION

EXHIBIT

- 1 Certificate of Existence
- 2 Worksheet showing calculations for proposed rate adjustments
- 3 First Revised Sheet No. 10.0 of JPEC's present tariff
- 4 First Revised Sheet No. 10.0 of JPEC's present tariff showing necessary additions and deletions
- 5 Second Revised Sheet No. 10.0 canceling First Revised Sheet No. 10.0
- 6 Notice of Filing
- 7 Prepared Testimony of G. Kelly Nuckols, President and CEO of JPEC
- 8 Prepared Testimony of Richard Sherrill, Vice President of Engineering and Operations of JPEC
- 9 Projected Additional Revenue Generated Schedule showing pole and anchor count and revenue increase
- 10 Adjusted Income Statement
- 11 Balance Sheet as of September 30, 2004



Trey Grayson
Secretary of State

Certificate of Existence

I, Trey Grayson, Secretary of State of the Commonwealth of Kentucky, do hereby certify that according to the records of the Office of the Secretary of State,

JACKSON PURCHASE ENERGY CORPORATION

is a nonprofit corporation duly incorporated and existing under KRS Chapter 273, whose date of incorporation is June 12, 1937 and whose period of duration is perpetual.

I further certify that all fees and penalties owed to the Secretary of state have been paid; that articles of dissolution have not been filed; and that the most recent annual report required by KRS 273.3671 has been delivered to the Secretary of State.

IN WITNESS THEREOF, I have hereunto set my hand and affixed my Official Seal at Frankfort, Kentucky, this 5th day of November, 2004.



Trey

Trey Grayson
Secretary of State
Commonwealth of Kentucky

Tmorgan/0025598 - Certificate ID: 6800

EXHIBIT

1

Development of Annual Carrying Charge

- 1 Operation and Maintenance Expense (Line 53, Page 14)
- 2 Customer Accounts Expense (Line 8, Page 15)
- 3 Customer Expense and Informational Expense (Line 14, Page 15)
- 4 Administrative and General Expenses (Line 34, Page 15)
- 5 Depreciation Expense (Line 28, Page 13)
- 6 Taxes Other than Income Taxes (Line 30, Page 13)

7 Sub Total \$9,543,977

8 Original Utility Plant at End of 2003 - NET BOOK VALUE \$66,205,319

9 Rate of Return from Last General Rate Increase 5.81% NET

(Calculated as a result of PSC Case #'s 1997-224, 2000-527 and 2002-485)

Carrying Charge [Line 7 / Line 8] * Line 9 20.23% [A]

	Quantity	Plant Value	Weighted Average
Total 35' Poles in Plant (NET BOOK VALUE)	13,982	\$1,966,247 (Note 2)	
Total 40' Poles in Plant (NET BOOK VALUE)	16,538	\$5,536,607 (Note 2)	
Totals	30,520	\$7,502,854	\$245.83 [B]

2 Party Charge per Pole Attachment [A * ((B * 95) + 33.08) * 1224] (Note 1) \$6.60 per Calendar year

Total 40' Poles in Plant (NET BOOK VALUE)	16,538	\$5,536,607 (Note 2)
Total 45' Poles in Plant (NET BOOK VALUE)	3,971	\$1,348,245 (Note 2)
Totals	20,509	\$6,884,852

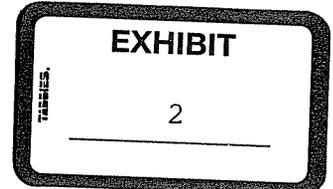
3 Party Charge per Pole Attachment [A * ((C * 95) + 33.08) * 0759] (Note 1) \$5.40 per Calendar year

Imbedded Cost of Anchors (NET BOOK VALUE) 39,833 4,003,244 (Note 2) \$100.50 [D]

2 Party Charge - Anchors [D * A * 0.5] \$10.16 per Calendar year.

Note 1: JPEC pole accounts includes very minor non pole material constituting 5% or less of total account value. No rounding material is included in this account. Therefore a multiplier of .95 is used to adjust pole account values and \$33.08 is added to cover the pole grounding system. The value per pole ground of \$33.08 is the average cost per pole of pole grounds at the end of 2003 per JPEC records.

Note 2: The net book value for various pole classes and anchors was determined by dividing net book value of the entire pole plant by the gross book value and multiplying the result by the gross value of each class.



Jackson Purchase ECC
 For Entire Territory Served
 Community, Town or City

P.S.C. NO. 7

First Revised SHEET NO. 10.0

CANCELLING P.S.C. NO. 6

Original SHEET NO. 10.0

JACKSON PURCHASE E.C.C.

Name of Issuing Corporation

CLASSIFICATION OF SERVICE

CTAT (Cable Television Attachment Tariff)

RATE PER UNIT

APPLICABILITY:

In all territory served by the company on poles owned and used by the company for their electric plant.

4

AVAILABILITY:

To all qualified CATV operators having the right to receive service.

RENTAL CHARGE:

The yearly rental charges shall be as follows:

Two-party pole attachment	\$2.27
Three-party pole attachment	\$1.75
Two-party anchor attachment	\$3.10
Three-party anchor attachment	\$2.07
Grounding Attachment	-0-
Pedestal Attachment	-0-

PUBLIC SERVICE COMMISSION
 OF KENTUCKY
 EFFECTIVE

JUN 04 1984

PURSUANT TO 807 KAR 5:011,
 SECTION 9(1)

BY: *J. Leaphagan*

BILLING:

Rental charges shall be billed yearly based on the number of pole attachments. The rental charges are net, the gross rate being five percent (5%) higher. In the event the current bill is not paid on or before the date shown on the bill, the gross rates shall apply. Failure of the CATV operator to receive a bill or a correctly calculated bill shall not relieve the CATV operator of its obligation to pay for the service it has received.

SPECIFICATIONS:

A. The attachment to poles covered by this tariff shall at all times conform to the requirements of the National Electrical Safety Code, 1981 Edition, and subsequent

DATE OF ISSUE April 9, 1987 DATE EFFECTIVE June 4, 1984

ISSUED BY David Stiles, Jr. TITLE General Manager
Name of Officer

EXHIBIT

3

Jackson Purchase ECC
 For Entire Territory Served
 Community, Town or City

P.S.C. NO. 7

First Revised SHEET NO. 10.0

CANCELLING P.S.C. NO. 6

Original SHEET NO. 10.0

JACKSON PURCHASE E.C.C.

Name of Issuing Corporation

CLASSIFICATION OF SERVICE

CLASSIFICATION OF SERVICE	RATE PER UNIT																		
<p>CTAT (Cable Television Attachment Tariff)</p>																			
<p>APPLICABILITY: In all territory served by the company on poles owned and used by the company for their electric plant.</p> <p>AVAILABILITY: To all qualified CATV operators having the right to receive service.</p> <p>RENTAL CHARGE: The yearly rental charges shall be as follows:</p> <table border="0" data-bbox="341 1008 1250 1302"> <tr> <td>Two-party pole attachment</td> <td>\$2.27</td> <td>6.60</td> </tr> <tr> <td>Three-party pole attachment</td> <td>\$1.75</td> <td>5.40</td> </tr> <tr> <td>Two-party anchor attachment</td> <td>\$9.10</td> <td>10.16</td> </tr> <tr> <td>Three-party anchor attachment</td> <td>\$2.07</td> <td>N/A</td> </tr> <tr> <td>Grounding Attachment</td> <td>-0-</td> <td></td> </tr> <tr> <td>Pedestal Attachment</td> <td>-0-</td> <td></td> </tr> </table> <p>BILLING: Rental charges shall be billed yearly based on the number of pole attachments. The rental charges are net, the gross rate being five percent (5%) higher. In the event the current bill is not paid on or before the date shown on the bill, the gross rates shall apply. Failure of the CATV operator to receive a bill or a correctly calculated bill shall not relieve the CATV operator of its obligation to pay for the service it has received.</p> <p>SPECIFICATIONS: A. The attachment to poles covered by this tariff shall at all times conform to the requirements of the National Electrical Safety Code, 1981-Edition, and subsequent latest edition</p>	Two-party pole attachment	\$2.27	6.60	Three-party pole attachment	\$1.75	5.40	Two-party anchor attachment	\$9.10	10.16	Three-party anchor attachment	\$2.07	N/A	Grounding Attachment	-0-		Pedestal Attachment	-0-		<p>SERVICE COMMISSION KENTUCKY EFFECTIVE 104 1984</p> <p>PURSUANT TO 807 KAR 5.011, SECTION 9.11 BY: <i>J. Leachman</i></p>
Two-party pole attachment	\$2.27	6.60																	
Three-party pole attachment	\$1.75	5.40																	
Two-party anchor attachment	\$9.10	10.16																	
Three-party anchor attachment	\$2.07	N/A																	
Grounding Attachment	-0-																		
Pedestal Attachment	-0-																		

DATE OF ISSUE April 9, 1987
 ISSUED BY David Stiles, Jr.
Name of Officer

DATE EFFECTIVE June 4, 1984
 TITLE General Manager

EXHIBIT

FOR Jackson Purchase Energy Corporation
Entire Territory Served
Community, Town or City

P.S.C. KY. NO. 7

Second Revised SHEET NO. 10.0

Jackson Purchase Energy Corporation
(Name of Utility)

CANCELLING P.S.C. KY. NO. 6

First Revised SHEET NO. 10.0

CLASSIFICATION OF SERVICE

CTAT (Cable Television Attachment Tariff)

APPLICABILITY:

In all territory served by the company on poles owned and used by the company for their electric plant.

AVAILABILITY:

To all qualified CATV operators having the right to receive service.

RENTAL CHARGE:

The yearly rental charges shall be as follows:

(N)	Two-party pole attachment	\$6.60
(N)	Three-party pole attachment	\$5.40
(N)	Two-party anchor attachment	\$10.16
(D)	Three-party anchor attachment	(not available)
	Grounding Attachment	-0-
	Pedestal Attachment	-0-

BILLING:

Rental charges shall be billed yearly based on the number of pole attachments. The rental charges are net, the gross rate being five percent (5%) higher. In the event the current bill is not paid on or before the date shown on the bill, the gross rates shall apply. Failure of the CATV operator to receive a bill or a correctly calculated bill shall not relieve the CATV operator of its obligation to pay for the service it has received.

SPECIFICATIONS:

- A. The attachment to poles covered by this tariff shall at all times conform
(T) to the requirements of the National Electrical Safety Code, latest edition, and subsequent

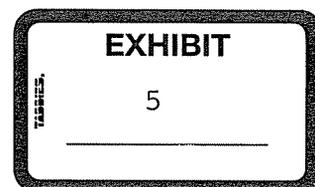
DATE OF ISSUE _____
Month / Date / Year

DATE EFFECTIVE January 1, 2005
Month / Date / Year

ISSUED BY _____
(Signature of Officer)

TITLE President and CEO

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION
IN CASE NO. 2004-00319 DATED _____



**NOTICE TO MEDIACOM SOUTHEAST LLC, GALAXY CABLE, INC.,
CHARTER COMMUNICATIONS, AND COMCAST CABLEVISION
OF PADUCAH, INC.**

**THE APPLICATION OF JACKSON PURCHASE ENERGY
CORPORATION FOR ADJUSTMENTS IN EXISTING CABLE
TELEVISION ATTACHMENT TARIFF**

Jackson Purchase Energy Corporation (JPEC), 2900 Irvin Cobb Drive, Post Office Box 4030, Paducah, Kentucky 42002-4030, filed an application for adjustments in existing cable television attachment tariff with the Kentucky Public Service Commission in Case No. 2004-00319. The rates contained in the application are rates proposed by JPEC; however, the Kentucky Public Service Commission may order rates to be charged that differ from the rates contained therein.

JPEC's current yearly rental charges for pole attachments and anchor attachments have been in effect since 1984. JPEC proposes to adjust these charges as follows:

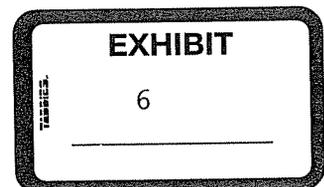
	<u>Existing</u>	<u>Proposed</u>	<u>Estimated Amount of increase</u>
Two-Party Pole Attachment	\$ 2.27	\$ 6.60	\$ 4.33 (191%)
Three-Party Pole Attachment	\$ 1.75	\$ 5.40	\$ 3.65 (209%)
Two-Party Anchor Attachment	\$ 3.10	\$10.16	\$ 7.06 (228%)
Three-Party Anchor Attachment	\$ 2.07	(not available)	n/a

Accompanying this notice is a copy of JPEC's application. Exhibit 9 to the application shows the effect of the proposed adjustments on annual bills.

Any corporation, association, body politic or person may by motion within thirty (30) days after publication of this notice request to intervene in the proceeding before the Kentucky Public Service Commission. That motion must be submitted to the Kentucky Public Service Commission, Post Office Box 615, 211 Sower Boulevard, Frankfort, KY 40601, and shall set forth the grounds for the request, including the status and interest of the party. Intervention may be granted beyond the thirty (30) day period for good cause shown. Intervenors may obtain copies of the application filed by contacting JPEC, Post Office Box 4030, Paducah, Kentucky 42002-4030, or by calling (270) 442-7321.

A copy of the application is available for public inspection at the office of JPEC located at 2900 Irvin Cobb Drive, Paducah, Kentucky.

By: G. Kelly Nuckols, President/CEO



KENTUCKY PUBLIC SERVICE COMMISSION CASE NO. 2004-00319

PREPARED TESTIMONY OF G. KELLY NUCKOLS

1. Please state your name and position with Jackson Purchase Energy Corporation (“JPEC”).

RESPONSE:

My name is G. Kelly Nuckols and I am President and CEO of JPEC.

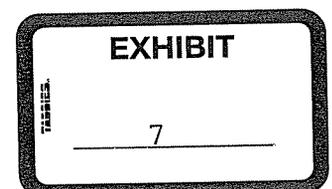
2. What is JPEC requesting in this filing?

RESPONSE:

JPEC is requesting adjustments in its rates for pole attachments and anchor attachments that are set forth in its Cable Television Attachment Tariff. JPEC is also requesting new text in which “1981 edition” is stricken and “latest edition” is substituted. All of the changes will occur on First Revised Sheet No. 10.0 of JPEC’s present tariff, which is “Exhibit 3” to the Application. The requested changes are shown on “Exhibit 4” to the Application and then “Exhibit 5” to the Application incorporates the requested changes.

3. Why is JPEC requesting these changes at this time?

RESPONSE:



The current rates have been in effect over 20 years and are out of date. JPEC wanted to make these rate adjustments sooner but believed that first an accurate count of attachments needed to be obtained. Pursuant to the Settlement Agreement and the final order in Case No. 2003-00056 there has been an actual field count of the attachments belonging to CATV operators Charter Communications, Comcast Cablevision and Mediacom. This count was recently completed and is current as of September 30, 2004. (In the case of Charter Communications the count has been substantially completed but the September 30, 2004, count is believed by JPEC to be correct.)

JPEC entered into an amendment to its agreement with its fourth CATV operator, Galaxy, and that amendment was accepted by the Commission in Filing No. 64-0084. In connection with that amendment JPEC and Galaxy stipulated to the number of Galaxy attachments.

The current number of attachments of each of JPEC's four (4) CATV operators is set forth on "Exhibit 9" to the Application. With this complete information JPEC believes it is now timely to seek adjustment of these rates.

4. If the proposed adjustments are approved, what is the amount of estimated additional annual revenue to JPEC?

RESPONSE:

Based on these actual counts, JPEC estimates that its annual revenue will be increased \$66,325 with the adjusted rates. See “Exhibit 9” to the Application.

5. How will this additional revenue affect JPEC’s TIER?

As shown on line 23 of “Exhibit 10” to the Application, this results in an adjusted TIER of 1.77 as of the end of business on September 30, 2004. The commission has customarily allowed a TIER of 2.00 for electric distribution cooperatives, so this adjusted TIER is well within allowable limits.

6. Does this conclude your testimony at this time?

RESPONSE:

Yes.

KENTUCKY PUBLIC SERVICE COMMISSION CASE NO. 2004-00319

PREPARED TESTIMONY OF RICHARD SHERRILL

1. Please state your name and position with Jackson Purchase Energy Corporation (“JPEC”).

RESPONSE:

My name is Richard Sherrill and I am Vice President of Engineering and Operations of JPEC.

2. What is the purpose of your prepared testimony?

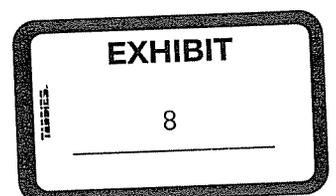
RESPONSE:

To explain the steps JPEC has followed in calculating the proposed adjusted rates in this case.

3. With whom have you consulted in connection with the preparation of your testimony?

RESPONSE:

Charles G. Williamson, III who is JPEC’s Vice President of Finance and Accounting. He has provided statistical and financial information.



4. What methodology has JPEC followed?

RESPONSE:

JPEC has followed the methodology outlined in the Commission's final order in Administrative Case No. 251 which is as follows: (1) the embedded cost of an average bare pole of the utility of the type and size which is or may be used for the provision of CATV attachment, (2) multiplied by an annual carrying charge, and (3) this product multiplied by the percentage of usable space used for CATV pole attachments. The figures and calculations are set forth on "Exhibit 2" of JPEC's application.

5. What is the basis for the quantity of 35', 40', and 45' poles and of anchors shown on "Exhibit 2" to the Application?

RESPONSE:

This information is contained in JPEC's Continuing Property Records. Four (4) pages with pertinent data are attached to my testimony as "Sherrill Exhibit 1."

6. How did JPEC determine Plant Value and Weighted Average of the poles and anchors as set forth on "Exhibit 2" to the Application?

RESPONSE:

Plant Value was determined by dividing net book value of the entire pole plant (\$20,697,711) by gross book value (\$25,283,928) and multiplying the result (81.833%) by the gross book value of each class. Weighted Average resulted simply from dividing the total quantity into the Plant Value amount.

Gross book value of the entire pole plant is included in JPEC's Annual Report for the year ended December 2004 which is filed with the Commission. Attached as "Sherrill Exhibit 2" is a schedule showing accumulated depreciation (account no. 108.665), which is the basis for determining net book value of the entire pole plant.

7. "Exhibit 2" to the Application shows a 5.81% rate of return. How did JPEC arrive at this figure?

RESPONSE:

Three (3) Commission cases need to be considered collectively in establishing JPEC's applicable rate of return. The first of these cases is No. 97-224 in which the final order establishes retail rates and authorizes JPEC to adopt remaining life depreciation rates for accounting purposes.

However, this new accounting methodology, which had the effect of accelerating depreciation, resulted in a reduced TIER that was in violation of the covenants in JPEC's mortgage with RUS. To rectify this situation, and at the same time not to increase rates, JPEC was allowed to reinstate its prior depreciation rates in Case No. 2000-527. Then, in Case No. 2002-485 new depreciation studies were filed and JPEC was ordered to implement depreciation rates for its distribution system and general assets in conformity with those studies.

JPEC's rate of return resulting from the cumulative effective of the orders in these three (3) cases is 5.81% based on the net book value of its plant at the end of 2003.

In support of JPEC's calculation of this rate of return I offer the following exhibits: Calculation of Final Rate of Return attached as "Sherrill Exhibit 3" and October 25, 2004, letter from JPEC's Vice President of Finance and Accounting attached as "Sherrill Exhibit 4," which confirms the \$223,703.00 net reduction in depreciation shown on line 6 of attached "Sherrill Exhibit 3." The \$766,005.00 net reduction allowed in Case No. 2000-527, as shown on line 5 of attached "Sherrill Exhibit 3," is set forth on page 2 of the order in that case.

8. “Exhibit 2” to the Application shows a carrying charge of 20.23%. Was Commission approved methodology followed in calculating that figure?

RESPONSE:

Yes. The formula for this calculation appears to the left of the 20.23% figure on “Exhibit 2” to the Application.

9. Please explain the authority for using the useable space percentages appearing on “Exhibit 2” to the Application.

RESPONSE:

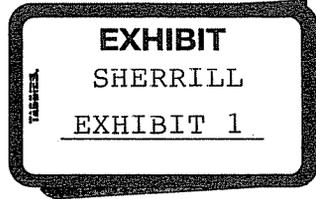
The percentages for the pole attachments are approved by the Commission in its order in Administrative Case 251. With respect to anchors, CATV operators are allocated one-half (1/2) of the anchor space.

10. Does this conclude your testimony at this time?

RESPONSE:

Yes.

UNIT	PERIOD	BEGINNING BALANCE QUANTITY	BEGINNING BALANCE DOLLARS	QUANTITY	ADDITIONS DOLLARS	QUANTITY	RETIREMENTS DOLLARS	QUANTITY	ENDING BALANCE DOLLARS
TOTAL 362	0000	23,827	77,188.78						77,188.78
TOTAL	362	23,827	77,188.78		424,387.59		154,632.58	26	10,183,509.85
364 008	0000	1,872	796.27						
Anchor Guy	1989	1,471	670.85					23,139	1,839,175.30
	1990	813	254.17					813	147,070.85
	1991	1,262	340.23					1,262	150,854.17
	1992	1,451	651.81					1,451	223,340.23
	1993	1,345	542.57					1,345	230,651.81
	1994	1,076	413.25					1,076	272,942.57
	1995	1,201	511.93					1,201	295,710.59
	1996	1,099	467.69					1,099	249,232.41
	1997	1,176	578.37					1,176	237,151.92
	1998	1,114	794.44					1,114	335,167.69
	2000	1,029	545.81					1,029	205,794.44
	2001	1,781	831.02					1,781	259,545.81
	2002			595	184,737.08			595	200,831.02
	2003			395	184,737.08			395	184,737.08
TOTAL 364 008	0000	39,561	5,062,811.13						
364 009	0000								
Rock Anchor	1994								
	1995								
	1996								
	1997								
	1998								
	1999								
	2000								
	2001								
	2002								
	2003								
TOTAL 364 009	0000								
364 061	0000								
Horizontal Insulator Bracket Arms	1990								
	1991								
	1992								
	1993								
	1994								
	1995								
	1996								
	1997								
	1998								
	1999								
	2000								
	2001								
	2002								
	2003								
TOTAL 364 061	0000								



QPR UNIT	PERIOD	-----BEGINNING BALANCE----- QUANTITY DOLLARS	QUANTITY	ADDITIONS----- QUANTITY DOLLARS	QUANTITY	RETIREMENTS----- QUANTITY DOLLARS	QUANTITY	ENDING BALANCE----- QUANTITY DOLLARS	
354 430 <i>30 Foot Poles</i>	0000	5, 141	704, 308. 16					5, 141	704, 308. 16
	1989	391	94, 307. 40					391	94, 307. 40
	1990	517	158, 411. 84					517	158, 411. 84
	1991	715	187, 315. 84					715	187, 315. 84
	1992	935	228, 825. 48					935	228, 825. 48
	1993	736	234, 663. 70					736	234, 663. 70
	1994	904	368, 875. 75					904	368, 875. 75
	1995	928	374, 815. 71					928	374, 815. 71
	1997	843	371, 810. 71					843	371, 810. 71
	1998	758	260, 041. 31					758	260, 041. 31
2000	740	250, 554. 10					740	250, 554. 10	
2001	692	214, 513. 20					692	214, 513. 20	
2002	582	162, 514. 52					582	162, 514. 52	
2003	583	261, 304. 16	587	226. 83	587	1, 074. 71	587	299, 785. 65	
2003			587	299, 785. 65	587	31, 589. 03	587	299, 785. 65	
TOTAL 364, 430		15, 239	3, 917, 930. 93			209	28, 831. 65	15, 239	4, 186, 335. 38
364, 435 <i>35 Foot Poles</i>	0000	12, 510	1, 735, 777. 18					12, 510	1, 735, 777. 18
	1989	213	64, 650. 03					213	64, 650. 03
	1990	154	54, 830. 94					154	54, 830. 94
	1991	145	54, 115. 00					145	54, 115. 00
	1992	140	54, 792. 48					140	54, 792. 48
	1993	197	47, 517. 76					197	47, 517. 76
	1994	191	39, 820. 92					191	39, 820. 92
	1995	149	35, 184. 23					149	35, 184. 23
	1996	125	30, 274. 19					125	30, 274. 19
	1997	161	27, 028. 19					161	27, 028. 19
1998	112	23, 484. 39					112	23, 484. 39	
2000	70	40, 415. 24					70	40, 415. 24	
2001	59	25, 456. 29					59	25, 456. 29	
2002	107	62, 094. 75	54	34, 918. 96	54	1, 074. 71	107	62, 094. 75	
2003			54	34, 918. 96	54	31, 589. 03	54	34, 918. 96	
TOTAL 364, 435		14, 137	2, 340, 866. 05			209	28, 831. 65	14, 137	2, 402, 715. 96
364, 437 <i>40 Foot Poles</i>	0001	5, 412	765, 733. 93					5, 412	765, 733. 93
	1989	327	130, 570. 29					327	130, 570. 29
	1990	376	157, 770. 84					376	157, 770. 84
	1991	910	448, 893. 73					910	448, 893. 73
	1992	941	393, 211. 17					941	393, 211. 17
	1993	1, 210	605, 400. 64					1, 210	605, 400. 64
	1995	857	331, 758. 20					857	331, 758. 20
	1997	747	294, 792. 00					747	294, 792. 00
	1998	921	424, 792. 37					921	424, 792. 37
	2000	700	343, 355. 89					700	343, 355. 89
2001			197	15, 236. 99	197	1, 074. 71	197	15, 236. 99	
2002			197	15, 236. 99	197	1, 074. 71	197	15, 236. 99	
2003			197	15, 236. 99	197	1, 074. 71	197	15, 236. 99	
TOTAL 364, 437		5, 412	765, 733. 93			197	35, 154. 65	5, 412	930, 618. 39
364, 440 <i>40 Foot Poles</i>	0000	5, 412	765, 733. 93					5, 412	765, 733. 93
	1989	327	130, 570. 29					327	130, 570. 29
	1990	376	157, 770. 84					376	157, 770. 84
	1991	910	448, 893. 73					910	448, 893. 73
	1992	941	393, 211. 17					941	393, 211. 17
	1993	1, 210	605, 400. 64					1, 210	605, 400. 64
	1995	857	331, 758. 20					857	331, 758. 20
	1997	747	294, 792. 00					747	294, 792. 00
	1998	921	424, 792. 37					921	424, 792. 37
	2000	700	343, 355. 89					700	343, 355. 89

PLANT DISTRIBUTION MONTH ENDING 12/31/03

MEMPHIS

QTY	PERIOD	BEGINNING BALANCE	PLANT DISTRIBUTION	ACQUISITIONS	RETIREMENTS	ENDING BALANCE
QUANTITY		DOLLARS	QUANTITY	DOLLARS	QUANTITY	DOLLARS
686	2001	390,527.18		13,957.25		404,484.43
544	2002	341,229.06		12,205.06		353,434.12
15,173	2003	6,576,261.07	502	956,958.50	177	3,755,738.92
1,578	2004	332,040.50		424,657.51		756,700.01
54	1989	22,453.07			41	322,413.30
1990	41,235.60				54	22,453.07
1991	94,706.86				96	41,235.60
1992	75,012.15				179	94,706.86
1993	97,731.58				171	75,012.15
1994	245,890.55				245	142,890.55
1995	281,350.26				281	153,527.43
1996	118,527.43				121	124,846.14
1997	124,107.28				114	103,233.96
1998	102,248.98				154	85,507.11
1999	108,248.98				158	52,592.28
2000	65,152.97				109	57,728.30
2001	65,152.97			300.03		65,152.97
2002	62,092.14		108	57,728.30		62,092.14
2003	1,598,155.12		108	57,728.30		1,598,155.12
3,904	TOTAL 364,445	1,598,155.12	3,971	56,628.04	41	8,627.20
141	2000	45,153.90				40,087.90
124	1990	5,413.55				13,413.55
50	1991	13,027.92				13,027.92
41	1992	134,761.85				134,761.85
269	1993	28,038.36				28,038.36
76	1994	19,592.04				19,592.04
44	1995	21,712.80				21,712.80
54	1996	35,105.31				35,105.31
19	1997	45,808.70				45,808.70
49	1998	13,609.60				13,609.60
25	2000	18,493.25				18,493.25
13	2001	17,772.13				17,772.13
686	2003	12,118.13				12,118.13
3	TOTAL 364,451	397,916.95	27	25,137.99	18	418,008.91
3	2001	1,701.41				1,701.41
2	2002	1,701.41				1,701.41
35	1989	11,840.58				10,917.10
3	1990	535.97				535.97
3	1991	1,365.30				1,365.30

45 Foot Poles

45 Foot Poles

50 Foot Poles

50 Foot Steel Poles

55 Foot Poles

PLANT DISTRIBUTION MONTH ENDING 12/31/03

K-JWB
10-JWD910

GPR UNIT	PERIOD	BEGINNING BALANCE DOLLARS	QUANTITY	ADDITIONS DOLLARS	QUANTITY	RETIREMENTS DOLLARS	QUANTITY	ENDING BALANCE DOLLARS
365.231 <i>Cutouts</i>	0000	71,049.91	722	393.12	110	10,873.79	612	60,569.24
	1989	5,535.98	90	3,919.89			90	9,455.87
	1990	10,443.41	131	6,652.41			131	17,096.30
	1991	14,529.35	166	8,847.08			166	23,376.43
	1992	12,675.63	172	6,345.70			172	22,021.33
	1993	14,027.11	175	9,319.33			175	23,346.44
	1994	14,421.55	192	11,269.85			192	25,691.40
	1995	14,457.94	192	7,743.08			192	23,009.59
	1996	15,986.93	149	9,950.07			149	23,730.01
	1997	11,879.98	41	11,826.25			41	20,830.05
1998	13,436.50	176	10,826.31			176	15,262.84	
1999	13,604.50	263	7,457.97			263	24,287.81	
2000	15,995.92	165	7,543.38			165	23,453.89	
2001	10,776.42	230	6,884.76			230	18,319.80	
2002	20,191.31	310	34,793.52			310	39,074.07	
2003	249,012.53	310	156,175.88			310	34,793.52	
TOTAL 365.231		249,012.53	310	156,175.88	110	10,873.79	3,259	394,314.52
365.261 <i>Pole Grounds</i>	0000	569,538.57	24,116	36,857.71	506	11,950.92	23,610	557,587.65
	1989	36,857.71	1,002	39,706.85			1,002	39,706.85
	1990	39,706.85	1,746	67,285.41			1,746	67,285.41
	1991	67,285.41	1,720	65,897.65			1,720	62,188.07
	1992	62,188.07	1,563	80,300.02			1,563	65,897.65
	1993	65,897.65	1,713	85,208.83			1,713	80,300.02
	1994	80,300.02	2,072	72,602.14			2,072	85,208.83
	1995	85,208.83	1,570	68,636.27			1,570	72,602.14
	1996	72,602.14	1,553	70,871.93			1,553	68,636.27
	1997	68,636.27	1,612	66,902.57			1,612	70,871.93
1998	70,871.93	1,428	55,522.39			1,428	66,902.57	
1999	55,522.39	1,256	58,088.44			1,256	55,522.39	
2000	58,088.44	1,035	53,897.57			1,035	58,088.44	
2001	53,897.57	1,050	27.22			1,050	53,897.57	
2002	58,373.96	1,050	58,373.96			1,050	58,373.96	
2003	58,401.28	1,050	58,401.28			1,050	58,401.28	
TOTAL 365.261		1,453,504.42	44,794	1,453,504.42	506	11,978.86	45,338	1,499,926.84
365.264 <i>Street Voltage Blockers</i>	0000	5,571.35	8		8		8	5,571.35
	1989	5,571.35	8				8	5,571.35
	1990		1	593.21			1	593.21
	1991		1				1	
	1992		1	634.27			1	634.27
	1993		1				1	
	1994		1	629.07			1	629.07
	1995		1				1	
	1996		1				1	
	1997		1				1	
1998		1				1		
1999		1				1		
2000		1				1		
2001		1				1		
2002		1				1		
2003		1				1		
TOTAL 365.264		7,427.90	11	7,427.90	11		11	7,427.90

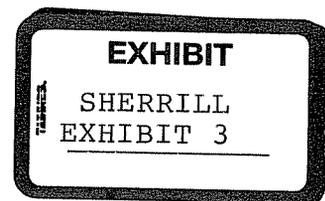
ELECTRIC PLANT IN SERVICE									
A/C No.	Balance Beg. of Year	Depreciation Expense	Retirements	Removal	Salvage	Reclass (Debits)-Credits	Balance End of Year		
	\$0						\$0		
	0						0		
	0						0		
	\$0	\$0	\$0				\$0		
	\$0						\$0		
	0						0		
	0						0		
	0						0		
	0						0		
	0						0		
	0						0		
	0						0		
	0						0		
	0						0		
	0						0		
	\$0	\$0	\$0				\$0		
108.600	0	0	0	0	0	0	0		
108.662	1,135,779	151,426	118,969	18,470	34,431		1,184,197		
108.664	7,946,489	1,042,019	175,765	184,029	16,305	(174,781)	8,470,238		
108.665	4,598,776	529,519	529,720	102,239	23,095	73,786	4,593,217		
108.666	243,309	52,663	750	1,075	525	160,797	455,469		
108.667	1,757,499	255,841	35,452	4,877	17,304	(160,797)	1,829,518		
108.668	3,435,361	357,695	270,854	209,986	5,496	100,995	3,418,707		
108.669	2,048,521	105,341	10,294	19,442	2,256	0	2,126,382		
108.670	791,686	112,081	29,383	4,329	35	0	870,090		
108.671	446,553	79,413	12,823	12,254	4,001	0	504,890		
108.672	(90,796)	8,594	0	0	0	0	(82,202)		
108.673	79,872	6,394	978	389	413	0	85,312		
	\$22,393,049	\$2,700,986	\$1,184,988	\$557,090	\$103,861	\$0	\$23,455,818		
108.730	1,095,231	37,909	0	0	0	0	\$1,133,140		
108.710+108.711	464,232	49,636	112,188	0	95,685		497,365		
108.720	365,898	289,469	21,676	0	0	67,870	701,561		
108.770	3,770	3,745	0	0	0	0	41,007		
108.740	156,983	30,883	0	0	0	0	187,864		
108.750	70,221	2,319	1,267	0	9,778	0	81,051		
108.790	136,075	35,699	0	0	0	(23,841)	147,933		
+108.761	(358,985)	101,843	34,220	0	0	(7,326)	(298,688)		
108.780	25,563	5,424	0	0	0	0	30,987		
	\$1,992,478	\$556,927	\$169,351	\$0	\$105,463	\$36,703	\$2,522,220		
	\$24,385,527	\$3,257,913	\$1,354,339	\$557,090	\$209,324	\$36,703	\$25,978,038		

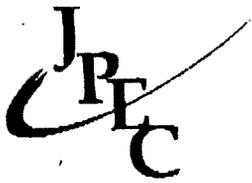
EXHIBIT
SHERRILL
EXHIBIT 2

**Calculation of Final Rate of Return
Jackson Purchase Energy Corporation
PSC Case # 97-224, # 2000-527 & # 2002-485**

Per PSC 97-224, Exhibit 8, Page 12 (original filing)

1 Net Rate Base		<u>\$ 53,862,358</u>
2 Net Margins (97-224, Exhibit 8, Page 1, Initial Filing)		\$ 1,025,590
Original proposed retainage of Big Rivers Power Cost Reduction		
3 (From PSC final order)		(934,265)
Allowed retainage of Big Rivers Power Cost Reduction (from PSC		
4 final order)		588,000
Add: depreciation reduction allowed in 2000-527		
(to correct error in 97-224 allowing TIER below RUS requirements)		
5 (this case granted interim relief until a formal study could be done)		766,005
Add: additional depreciation reduction allowed in 2002-485		
(to correct error in 97-224 allowing TIER below RUS requirements)		
6 (based on formal study)		<u>223,703</u>
7 Adjusted Net Margin		<u>\$ 1,669,033</u>
8 Add back: long-term interest expense (97-224, Exhibit 8, page 1)		1,629,012
9 Less: non-operating margins		(88,171)
10 Less: capital credit income		<u>(81,345)</u>
11 Return for calculating Rates of Returns		<u>\$ 3,128,529</u>
12 Adjusted Rate of Return (net rate base)		5.81%





October 25, 2004

Mr. Frank N. King, Jr.
Dorsey, King, Gray, Norment & Hopgood
318 Second Street
Henderson, KY 42420

Dear Mr. King:

This letter is in reply to your request that I furnish my calculations on the effect of PSC Case Number 2002-485 on Jackson Purchase Energy Corporation's "JPEC" depreciation rates. The order in this case allowed JPEC to adopt a depreciation study on distribution assets performed jointly by Rural Utilities Services "RUS" and JPEC and a study on general asset rates performed by JPEC alone. Distribution assets are those used directly in the distribution of electricity and include such items as poles, transformers, SCADA, substations, etc., while general assets are composed of items such as buildings, transportation equipment, computers, etc. The order also allowed JPEC to depreciate general assets on an individual asset basis rather than a group method. As part of the study of general assets, it was discovered there was a significant difference between actual accumulated depreciation balances and theoretical balances. This difference was allowed to be amortized over an eight-year period by the order.

The \$223,703 in reduced depreciation was calculated as follows:

Reduction in distribution asset depreciation referred to in RUS/JPEC study	\$309,902
Increase in general asset depreciation (general assets)	<u>(\$86,199)</u>
Net reduction in depreciation (increase in income)	<u>\$223,703</u>

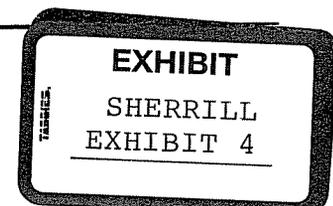
Please let me know if you have any questions.

Sincerely,

Charles G. Williamson III, CPA
Vice President -- Finance & Accounting



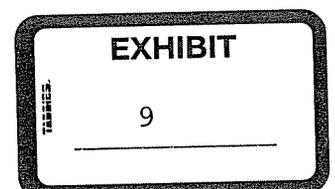
Your Touchstone Energy® Partner
The power of human connections



Jackson Purchase Energy Corporation
Miscellaneous Charges - Projected Additional Revenue Generated:
September 30, 2004

Exhibit __
Page 1 of 1

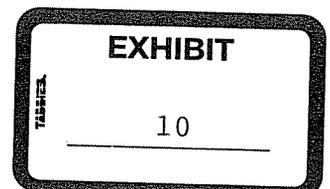
	Number	Charges		Revenue		Increase	
		Existing	Proposed	Existing	Proposed	Amount	Percent
1 2 Party Charge per Pole Attachment	9,331	\$ 2.27	\$ 6.60	\$ 21,181	\$ 61,585	\$ 40,403	191%
2 3 Party Charge per Pole Attachment	6,597	\$ 1.75	\$ 5.40	\$ 11,545	\$ 35,624	\$ 24,079	209%
3 2 Party Charge - Anchors	261	\$ 3.10	\$ 10.16	\$ 809	\$ 2,652	\$ 1,843	228%
4 Total Pole Attachment Charges	<u>16,189</u>			<u>\$ 33,535</u>	<u>\$ 99,860</u>	<u>\$ 66,325</u>	<u>198%</u>
Breakdown of Charges by Customer : (based on 9/30)2004 counts)							
5 Comcast Cable Communications - 2 Party	4,296	\$ 2.27	\$ 6.60	\$ 9,752	\$ 28,354	\$ 18,602	191%
Comcast Cable Communications - 3 Party	4,433	1.75	5.40	7,758	23,938	16,180	209%
Comcast Cable Communications - Anchors	-	3.10	10.16	0	0	0	
6 Total Comcast Cable Communications	<u>8,729</u>			<u>\$ 17,510</u>	<u>\$ 52,292</u>	<u>\$ 34,782</u>	<u>199%</u>
7 Charter Communications - 2 Party	850	\$ 2.27	\$ 6.60	\$ 1,930	\$ 5,610	\$ 3,681	191%
Charter Communications - 3 Party	304	1.75	5.40	532	1,642	1,110	209%
Charter Communications - Anchors	-	3.10	10.16	0	0	0	
8 Total Charter Communications	<u>1,154</u>			<u>\$ 2,462</u>	<u>\$ 7,252</u>	<u>\$ 4,790</u>	<u>195%</u>
9 MediaCom - 2 Party	1,407	\$ 2.27	\$ 6.60	\$ 3,194	\$ 9,286	\$ 6,092	191%
MediaCom - 3 Party	1,860	1.75	5.40	3,255	10,044	6,789	209%
MediaCom - Anchors	261	3.10	10.16	809	2,652	1,843	228%
10 Total MediaCom	<u>3,528</u>			<u>\$ 7,258</u>	<u>\$ 21,982</u>	<u>\$ 14,724</u>	<u>203%</u>
11 Galaxy Cablevision- 2 Party	2,778	\$ 2.27	\$ 6.60	\$ 6,306	\$ 18,335	\$ 12,029	191%
Galaxy Cablevision- 3 Party	-	1.75	5.40	0	0	0	
Galaxy Cablevision- Anchors	-	3.10	10.16	0	0	0	
12 Total Galaxy Cablevision	<u>2,778</u>			<u>\$ 6,306</u>	<u>\$ 18,335</u>	<u>\$ 12,029</u>	<u>191%</u>
13 GRAND TOTAL	<u>16,189</u>			<u>33,535</u>	<u>99,860</u>	<u>66,325</u>	<u>198%</u>



Jackson Purchase Energy Corporation
Adjusted Income Statement
Twelve Months Ended September 30, 2004

Exhibit ___
Page 1 of 1

	Per Books	Proposed Increase	Adjusted For Proposed Rates
Operating Revenues:			
1 Electric revenues	\$ 33,859,810	\$ -	\$ 33,859,810
2 Other electric revenues	842,042	66,325	908,367
	34,701,852	66,325	34,768,177
Operating Expenses:			
3 Cost of power	21,898,029		21,898,029
4 Distribution - operations	1,161,629		1,161,629
5 Distribution - maintenance	2,966,477		2,966,477
6 Consumer accounts	1,027,879		1,027,879
7 Customer service and information	159,013		159,013
8 Sales	73,214		73,214
9 Administrative and general	1,467,474		1,467,474
10	28,753,715	0	28,753,715
11 Depreciation	2,789,228		2,789,228
12 Other tax expense	43,612		43,612
13 Interest on long-term debt	1,830,477		1,830,477
14 Other interest charges	59,415		59,415
15 Other deductions	792		792
16	33,477,239	0	33,477,239
17 Operating Margins	1,224,613	66,325	1,290,938
18 Non-operating margins - interest	77,478		77,478
19 Non-operating margins - other	11,029		11,029
20 G & T capital credits	0		0
21 Other capital credits	30,224		30,224
22 Net margins	\$ 1,343,344	\$ 66,325	\$ 1,409,669
23 TIER	1.73	0.04	1.77



Jackson Purchase Energy Corporation
Balance Sheet
September 30, 2004

Exhibit ____
Page 1 of 1

Assets

Electric Plant:		
In Service	\$	93,957,809
Construction Work in Progress		756,764
		94,714,573
Less accumulated depreciation		<u>27,431,752</u>
		<u>67,282,821</u>
Nonutility Property - Net		0
Investments		4,023,720
Current Assets:		
Cash and cash equivalents		723,594
Accounts Receivable		1,899,970
Materials and supplies		906,494
Prepayments		272,964
Other current assets		1,491,202
Other assets		<u>918,066</u>
Total assets	\$	<u><u>77,518,831</u></u>

Liabilities and Equities

Members' Equities:		
Memberships	\$	251,810
Patronage capital		<u>32,556,044</u>
		<u>32,807,854</u>
Long-term debt (Including current portion)		<u>39,986,531</u>
Current Liabilities:		
Accounts payable & Accumulated Operating Provisions		2,214,613
Short-term debt		-
Consumer deposits		916,764
Other current and accrued expenses		<u>1,417,177</u>
		4,548,554
Consumer advances for construction		<u>175,892</u>
Total Members' Equities and Liabilities	\$	<u><u>77,518,831</u></u>

